

Impact of Delayed State Budget on Contracts
REGIONAL COUNCIL ATTACHMENT #5.2
Thursday, May 1, 2003

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MEMO

To: Administration Committee
Regional Council

FROM: Sam Mehta, Manager; Contracts (213) 236-1813
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SUBJECT: Impact of Delayed State Budget on Contracts

DATE: April 21, 2003

RECOMMENDED ACTION: Information Only

BACKGROUND:

During April 2003 meeting, the Regional Council expressed concern that Caltrans would not allow SCAG to continue any carryover work after July 1, 2003, that is funded through the State, until the State's FY 2003-2004 budget is adopted.

SCAG staff continued discussions with Caltrans District 7 staff during the past two weeks and the following understanding was reached on April 18, 2003.

In the event, the State's FY 2003-2004 budget adoption is delayed and assuming SCAG's Overall Work Program (OWP) is approved, Caltrans will review and approve requests for carryover work or new contracts after July 1, 2003, that are fully funded. Therefore, upon issuance of a Notice to Proceed by SCAG, a Consultant may begin carryover work, or a new contract, utilizing matching funds. In the event that the matching funds for the particular contract are expended before the State budget is approved SCAG may choose to continue to incur costs. Those costs will not be reimbursed until a State budget is in place and Caltrans has the authority to reimburse those costs. This policy will also apply to work performed by Subregional staff under a Continuing Cooperative Agreement.

SCAG staff will inform all Consultants and subregions in writing, of the of potential delay in adoption of State's FY 2003-2004 budget and the possible delay in payment of their invoices. On a voluntary basis, we will allow them to begin work with the understanding that they can not invoice SCAG until the State budget is adopted. We will also encourage them to contact the State Legislature to express concern about the impact on their firm as a result of the potential delay in adoption of the State's budget.

